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Life insurance as a life work for college men

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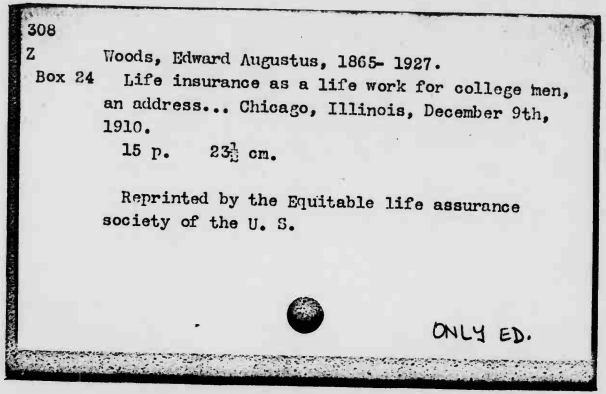
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LIFE INSURANCE AS A LIFE WORK FOR COLLEGE MEN

AN ADDRESS BY EDWARD A. WOODS DELIVERED BEFORE THE FOURTH ANNUAL MEETING OF THE ASSOCIATION OF LIFE INSURANCE PRESIDENTS, CHICAGO, ILLINOIS, DECEMBER 9TH, 1910. REPRINTED BY THE EQUITABLE LIFE ASSURANCE SOCIETY OF THE U. S.

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LIFE INSURANCE
AS A LIFE WORK FOR COLLEGE MEN

THE FIELD

To furnish the proper background for considering the opportunities of life insurance for college men, it seems necessary to refer to the magnitude of the field.

American companies and associations have in force over 36½ million policies and certificates for over 25 billion dollars ($25,175,797,538). This amount is equal to about 20 per cent of our total wealth; exceeds the total wealth of every other country except Great Britain, France, Germany and Russia; and equals the total wealth of Belgium, Spain, the Netherlands, Portugal and Switzerland combined.

Of the $1,307,975,729 annually paid for insurance of all kinds, two-thirds, or $884,068,753, is paid to life companies and associations.

Regular Life Insurance Cos.—premium income....	$565,228,893
" " " "—interest and other income	182,798,999
Assessment and Fraternal Associations	136,040,861
	$884,068,753

If such a method of saving and distributing can be properly so called, this is one of the largest items of expenditure of the American people—representing about one-fifteenth of our total disbursements.

The extent of life insurance may be illustrated by the fact that making every deduction for duplication, the number of lives represented by the 36,500,000 policies and certificates exceeds our 8,831,863 savings bank depositors; plus our 7,218,855 owners of

homes; plus our other owners of real estate; plus our 1,920,257 building and loan stockholders; plus our 1,600,000 owners of stocks of all other kinds—bank, railroad, etc.—by several millions of people, thus exceeding the total number interested in every other form of saving, real estate and other investment in the country combined:

Savings bank depositors	8,831,863
Owners of homes	7,218,855
Building and loan stockholders	1,920,257
Owners of stock in other corporations—railroads, national banks, etc	1,600,000
Total, including duplications	19,570,975

As said by the Russian Minister of Finance, it is America's favorite investment, as well as perhaps the most important, when nine out of ten fail to lay by anything else for old age or death. It vitally touches almost every family, at the time of most need.

While not of American origin, it is distinctly a development of our people, who carry more than twice as much insurance as all the rest of the world combined:

Great Britain	$3,339,796,434
Continental companies	4,599,757,817
Australia	560,681,260
Far East, Central and South America, etc	242,273,910
(Latest figures ascertainable)	$8,742,509,421

ITS RECENT AND RAPID GROWTH

Its growth has been as rapid as it has been great. Practically its entire development has taken place in the last fifty years. The policies in force January 1, 1860, were but 49,608 for $141,497,977. It has doubled more than three times as fast as our population and more than twice as fast as our wealth:

Year	Population	Wealth	No. of Policies	Amount
1880	50,155,783	$42,642,000,000	595,486	$1,439,961,165
1890	62,622,250	65,037,091,000	4,550,027	3,582,986,703
1900	76,303,387	88,517,306,775	12,871,797	7,774,280,005
1909	88,252,446	*120,000,000,000	28,087,327	15,480,721,211

* Estimated

Note.—This table does not include fraternal and assessment certificates.

ITS FUTURE

There is no evidence of any abatement in its growth, nor is it conceivable that so long as life is uncertain and valuable and men have families they love and businesses to protect and old age for which to save, it can ever be superseded by any other device. The population and wealth of the country may be expected to increase. With the spread of intelligence and the present trend toward social progress, it is more than likely that a business of such a stable present, and phenomenal past growth, will continue to grow faster than population and wealth. Surely people may be expected in the future to spend less for harmful or unnecessary things and more for necessary things—to waste less and save more. Otherwise civilization will stop. So long, therefore, as Americans are paying today nearly half the amount for candy that they pay for regular life insurance—excluding assessment and fraternal, $748,027,892—more for beer, nearly three times as much for liquor, three-fifths as much for tobacco, and two-thirds as much for automobiles, it can hardly be claimed that, even with our present wealth and population, life insurance has reached the limit of its growth.

Annual Expenditures of the American People:

Jewelry	$300,000,000
Candy	365,000,000
Tobacco	450,000,000
Automobiles	496,000,000
Beer	852,000,000
Total for alcoholic drinks	1,745,300,384

Even when this is reached, a large business may still be expected because of constant changes in population and the constant growth of prosperity. This nation is just now awakening to the realization that the chief wealth of a country is not its "natural" resources but the lives and health of its people. If lives of a nation are worth three times its property, our $25,000,000,000 of life insurance is not enough for lives worth over $350,000,000,000. With our property insured for $45,000,000,000, half that amount of life insurance is inadequate, particularly when it furnishes not only protection but saving. The part that life insurance will play in the tremendous movement, now just starting, to conserve health and even lengthen life, is destined to be very great.

The insurance field is therefore one: (a) of great magnitude; (b) of recent and rapid growth; and (c) with a certainly more prosperous future.

Altho its wide extent and practically unlimited future are of prime importance, life insurance has a better claim to be considered as a vocation or profession for trained and educated men, who desire to devote their lives to a business worth while, in a greater sense than merely offering an opportunity to make a good and permanent living.

A PROFESSION:

A profession is (Century Dictionary):

> "A vocation in which a professed knowledge of some department of science or learning is used by its practical application to the affairs of others, either in advising, guiding or teaching them or in serving their interests or welfare in the practice of an art founded on it. The word implies attainment in special knowledge as distinguished from mere skill, at practical dealing with affairs as distinguished from mere study or investigation and an application of such knowledge to uses of others as a vocation, as distinguished from its pursuit for one's own purposes."

It would be difficult to better define the work of the trained insurance man.

SOMETHING MORE THAN MONEY-MAKING

A profession, as distinguished from a trade, is not carried on for mere profit. In trade, a man may properly sell or not sell any commodity, according to whether the price will pay him or not; the welfare of the buyer hardly entering into the transaction. But the professional man is expected to give advice that is best for his client or patient, regardless of his own interest. The good insurance man in his counsel will consider solely the interest of his client and his family, just as no true doctor will keep his patient sick, or lawyer his client in litigation, because more money can be made that way. The college man entering life insurance should be actuated by a higher motive than mere profit.

ACCOMPLISHING SOMETHING

Engaging in any occupation where articles are disposed of—whether useless, unnecessary, or even harmful—is a trade or business in the proper sense of the word. A merchant may sell tobacco or Bibles, liquor or clothing, candy or bread, jewelry or coal; but it would be almost an abuse of the word to call any one not believing that he is promoting the good of humanity or actuated by a higher purpose than mere money-making, a professional man. No man should be in the life insurance business who does not sincerely feel that he is promoting thrift and economy, protecting the home, providing for the comfort and education of the widow and orphan and aged, and uplifting society, besides making a living.

SHOULD BE PERMANENTLY UNDERTAKEN

Life Insurance, as other professions, should be undertaken as a life work, not temporarily. Men turn, often advantageously, from one trade to another, or from one position to another; but the professional man devotes his lifetime to that vocation for which he acquires special training by years of preparation, not justified by a temporary business. In the past men late in life have taken up life insurance, and some have greatly succeeded; but it can best be followed by the young man, training himself for it and content to go slowly at first but surely and more profitably as he becomes older and, settling permanently in a selected community, builds up a clientage as the physician or lawyer does. This cannot be done by one temporarily in it.

REQUIRES NO INVESTED CAPITAL

The life insurance man, like other professional men, depends, instead of capital, upon his own experience and training and a clientage slowly built up but secure when acquired—not exposed to the risk of loss of capital and to business hazards often beyond a man's own control. The preparation required for the professions partly accounts for their superior class of men. The weaklings, in a hurry for immediate income, have not the courage to train for years and slowly build up a profession whose rewards come late but surely and increasingly, instead of a business where they may come quickly, tho transiently and often precariously. The principal result of the first year's work of the young insurance man, physician or lawyer, is better measured by the experience and clientage acquired than by his actual income.

FURNISHES AN INCOME THE FIRST YEAR

Life insurance has an advantage over law or medicine in furnishing a far quicker start. It is doubtful whether the average medical man or law student, or electrical engineer, receives any net income over the expenses of education, equipment, the starting and maintaining of an office, for nearly ten years after commencing his professional or technical course. This is somewhat true of other professions. In life insurance, on the contrary, so long a special training is not necessary. No outlay for books, instruments, renting an office or purchasing of supplies, is required. If at all fitted for the business, something will be made the first year, and increasing experience and clientage, as well as renewal commissions, will rapidly increase the income, which should be excellent before the young theological, medical or law student, dentist, engineer, electrician or trained nurse is ready to begin.

REQUIRES SPECIAL TRAINING

We have considered the similarity between life insurance and the great professions to show that from its extent, as well as nature, it requires talents that trained college men should possess beyond those without such advantage. But there are other distinctions in a business well called "the best paid hard work in the world." It is not mere salesmanship of a concrete article that can be seen and handled. It peculiarly requires "an attainment in special knowledge and the application of such knowledge to the uses of others." All savages, and still most civilized men are naturally slow and reluctant to provide for the future, whether in religion, wills or life insurance. The first requires the tremendous organization of our churches, headed by trained, educated men. Wills, so neglected by most, require the advice of trained attorneys, and it

would be well for the community if some method were possible of urging every one to perform this necessary duty. Providing for the future of our families or old age also requires the service of skilled, trained men; but it is of distinct advantage that it is proper in insurance to seek business instead of requiring an energetic man to wait until it is offered to him. Many an ambitious young lawyer or physician has been attracted to insurance because of the opportunity offered for aggressive effort, instead of feeling restrained by the ethics of his profession from doing more than putting out his sign and waiting.

THE INSURANCE SPECIALIST

A life insurance policy cannot be fitted, like a Procrustean bed, to any client. Not only must he be urged to act but advice must be given with integrity, judgment and wide knowledge and experience not only of insurance but of general business. The man's circumstances, his business, his family, as well as how these can best be safeguarded by a particular insurance contract, must be thoroly understood and honestly and urgently presented. Not only may a form of policy best for one be entirely unsuited to another, but different policies are required by the same man for different purposes, at different times of his life, and in different conditions of his affairs. Indeed, there are special fields of life insurance that are developing specialists; such as providing fixed life incomes for wives and children, safeguarded in various ways for different beneficiaries; corporation insurance, to protect againt the death of valuable members and for acquiring or retiring stock or interest of deceased partners—this, in itself, is a wide, lucrative and promising branch, requiring an intimate knowledge not only of general business and business

law but diligent study of each particular case; insurance to provide relief and pensions for employees and their families. All these special fields require trained judgment.

BUILDING AND RETAINING A CLIENTAGE

Nor is his work the mere placing of a policy. During its life the policyholder, often negligent and perhaps lacking funds, must be followed up to see that such an important annual obligation is carried out with profit instead of abandoned with loss. Changes occurring in his circumstances may require appropriate changes in the policy. Assignments must be made or released and beneficiaries altered; perhaps loans arranged for; distribution among his family altered as their circumstances or his desires require; its proper payment at death or maturity attended to; and always information given and suggestions made during the long life of so important a contract—for the carrying of insurance is a definite financial plan for life.

NO DEAD LINE IN INSURANCE

As with other professions, the young man, and still more the young woman, should clearly understand that they are handicapped by youth. Most insurance is secured by, and most easily sold to, those of mature years with families, and such are less influenced by the advice of a young man than by one older and more experienced. On the other hand, insurance offers the very great advantage that age and experience greatly increase his prosperity instead of making his hold upon his vocation more precarious. The dead line—the question of what should be done with the old minister, teacher, clerk or other employee —is a subject to which the average young man gives little attention; but he is wise who considers the dura-

tion of his employment beforehand instead of perhaps having to first face it when thrown out of employment at an age when he cannot get other. How many whose hairs are silver and whose families sorely need their support, out of positions thru no fault of their own, have bitterly regretted that they did not earlier consider such a contingency and select a vocation with no dead line and in which increasing years should bring an increased certainty of employment, as well as probably greater profit! The grey hairs and long experience of an insurance man are valuable. My father, for fifty years a teacher and college president, entered insurance when sixty-eight, and was more successful financially than in any year of teaching. Nothing but failing health should prevent an insurance man well up in years from becoming increasingly efficient. One of the best insurance men I ever knew at the age of seventy-six made a record never equalled before or since and was very successful after eighty, until paralyzed.

THE MOST LUCRATIVE AND IMPORTANT

THE AGENCY FIELD

I have purposely referred to the agency rather than official or actuarial positions because the great field in life insurance—requiring the most men and paying best and being, above all, the most useful—is in selling it. The man who can sell it not only commands the best and most certain income but does the greatest service. The $83,477,230 paid agents is nearly five times the $18,569,923 paid officers and salaried employees. Of the probable 75,000 life insurance agents over 25,000 are agents of industrial companies, and at least one-half, and probably two-thirds, of the balance give but a part of their time to life insurance, being also engaged—especially in small

country towns—in fire insurance or other business. The average income of the real life men of companies other than industrial will bear a more than favorable comparison with those of other professions, besides requiring little expense and loss of time in acquiring the training. More agents than officials are required; their work is more profitable, more permanent, more certain and more independent, and their advancement, either in their own field or to official positions, is more solely within their own control. Thirty years ago, when I entered the business, it was not known and enough persons had not sufficiently prospered in it to attract, as a rule, successful or trained men of any kind.

It was then even frowned upon by several influential religious sects as immoral and against Providence. The methods and men then employed differed as much from those of today as the former barber cupping and leeching differs from the now trained physician. But today hundreds, if not thousands, of conspicuously successful college men are making life insurance their life work and trying to be worthy of it. In all its branches, as solicitors, agency officers, general agents and officials, these college men are rapidly advancing and preëmpting the field, as trained, educated men, as a rule, will. While dangerous to give general figures—and average ones tell little—there are many agency men, requiring little capital—principally a willingness to work—making more money than the presidents of their companies, and many very successful women. Its most successful men and women are pursuing the highest methods—avoiding competition, rather understating than overstating facts, engaged in healthful, independent, largely out-of-doors occupation, selecting their own clients, never fearing unemployment, dependent for success solely upon their own resourcefulness and

energy, not required to slavishly carry out orders of superiors but cultivating their own initiative, and broadening and developing with each year's experience. They understand that the chief value of early work is the clientage for the future, and that the success which will certainly come with increasing years' experience and service is lost to the transient. They form the strongest and most lasting friendships among their clients, and they broaden and develop as well as grow more prosperous as they grow older, feeling yearly better satisfied that their occupation has been worth while. They are supported in their old age themselves by their renewal income, by which, in case of the incapacity or death of the agent, commissions on business previously placed continue to be paid to him when unable to work himself, or to his heirs. As their compensation comes from future, as well as first, payments made, they are directly interested in the thoro and permanent satisfaction of their clients. They are compelled to seek persons of good morals and habits, who care for their families, as there is little clientage among the dissolute, the drinking or the unhealthy. They are taught by their vocation to save, to foresee the future, to care for their own families, and that drinking, immorality and excesses of all kinds do not pay, even in this life. The strongest temperance lessons are taught by statistics of insurance companies.

WORK WORTH WHILE

But, above all, as the insurance man looks back upon his years of accomplishment, he feels a satisfaction in having not only made a living but in having done things worth while; in being actuated by a feeling of service to his fellow-men. This will be a century of social uplift; tremendous forces are at work to

raise the whole level of society, and one of the most powerful of these is this recent, vast institution of life insurance, penetrating and permeating all classes and knitting all together, in a firm bond for mutual protection of family and self. It is a far better social device than when imposed by an arbitrary government or socialist party. It teaches that we are our brothers' keepers; that he who provideth not for his own is worse than an infidel; that the protection of the home, sacrifice of the present, with all that this means in the upbuilding of character, is a high duty. It teaches us to first regard the interest of others and that success, in this field at least, is most largely and certainly attained by those who believe that true success, as well as happiness, in life, comes from giving, not getting; whose creed is not that the world owes them a living but that we owe it to the world to make it better worth living in.

THE SOCIAL UPLIFT OF LIFE INSURANCE

What is being accomplished by insurance in the mass is difficult to estimate, because of its so recent development. But already investigations are showing its beneficial effects upon society. In England the poor rate, which at the beginning of the last century was increasing $500,000 a year, is now decreasing $15,000,000 a year, largely because of the spread of life insurance. Paupers are said to have decreased in this country from 132 in 1880 to 101.4 per 100,000, or approximately one-fourth, largely because of life insurance. Careful investigation in orphan asylums, as well as prisons and reformatories, shows that these classes are recruited from the families of the uninsured. A recent English prison report shows that among illiterate criminals beneficiaries of life insurance are not represented. Remedying these evils by

life insurance is in harmony with the present disposition to prevent an evil instead of the more uncertain, expensive and difficult attempt to cure it. Is it not worth while to spend one's life in spreading such a beneficence? Because of our efforts, widows will be left in comfort, children provided for, educated and kept from vice, and old age safeguarded and stability be given to society, thrift increased, and poverty, sickness and crime decreased. One by one civilization has met or is meeting and overcoming the great forces that bar progress—ignorance, vice, crime, pestilence, famine, war, slavery, debasement of women—and now we are combating disease and gradually lengthening average human life. Poverty is today being considered by advanced thinkers not as a necessary evil, as war, pestilence and famine were formerly regarded, but as something that society must meet and overcome. Such institutions as savings banks and life insurance companies are among the most powerful material factors in removing these great hindrances to human progress. Is it right that five million American women are compelled to earn a living, and that 90 per cent of our widows lack the comforts of home and 32 per cent the necessities of life? Is it possible that civilization cannot improve conditions under which 89 per cent of those who die leave nothing and 95 per cent almost nothing? Do not the nearly 2,000,000 children working when they should be at school and building up physiques—does not every child selling newspapers on the street and exposed to its temptations—proclaim the need for better provision for those who will be our future citizens; and should not the feeling that life insurance will, in nine cases out of ten, probably be the sole support of the insured's family, give energy and conscientious judgment to its advocates? If the robbing of the widow and orphan is proverbially infamous, how

worth while is it to insure their comforts? Is not this work worthy of the best that there is in the young man deciding upon his life work, in affording not only a practically unlimited, self-dependent and yearly more permanent income but in giving him a magnificent and daily opportunity for serving his fellow-men?

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